

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

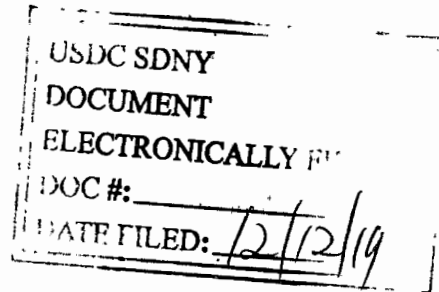
UNITED STATES OF AMERICA,

Plaintiff,

v.

RESIDENTIAL HOME FUNDING
CORP.,

Defendant.



**ORDER AMENDING STIPULATION
AND ORDER
OF SETTLEMENT AND DISMISSAL**

17 Civ. 7192 (JSR)

WHEREAS, this Order Amending the Stipulation and Order of Settlement and Dismissal (the "Amended Stipulation") is entered into at the request of the United States of America (the "United States" or "Government"), by its attorney, Geoffrey S. Berman, United States Attorney for the Southern District of New York, and the defendant Residential Home Funding Corp., including its successors by operation of law or otherwise ("Residential Home"), by its authorized representatives (collectively, the "Parties");

WHEREAS, from 2006 through 2012, Residential Home was a participant in the Direct Endorsement Lending ("DEL") Program administered by the Federal Housing Administration ("FHA") of the Department of Housing and Urban Development ("HUD"), pursuant to which HUD insures DEL lenders for losses incurred on eligible single-family residential mortgage loans in the event of borrower default;

WHEREAS, on or about September 21, 2017, the Government filed a complaint against Residential Home in the United States District Court for the Southern District of New York (the

“Court”) pursuant to the False Claims Act, 31 U.S.C. §§ 3729 *et seq.* (the “Complaint”) for actions relating to Residential Home’s participation in HUD’s DEL Program;

WHEREAS, simultaneous with the filing of the Complaint, the Government filed a proposed Stipulation and Order of Settlement and Dismissal with the Court;

WHEREAS, on or about September 27, 2017, the Court entered the Stipulation and Order of Settlement and Dismissal (the “Stipulation”);

WHEREAS, Residential Home has represented to the Government that, due to the unexpected length of time and expense needed by Residential Home in order to implement the recommendations of the Compliance Consultant provided for by the Stipulation, Residential Home has been unable to abide by certain terms of the Stipulation;

WHEREAS, Residential Home requests that: (1) certain deadlines provided for in paragraph 4 of the Stipulation be extended; and (2) the payment terms in Paragraph 6 of the Stipulation be revised;

WHEREAS, Residential Home provided to the Government, at the Government’s request, additional financial disclosures to support their inability to abide by the terms contained in Paragraph 6 of the Stipulation (the “Supplemental Financial Disclosure”);

WHEREAS, Residential Home has attested that the Supplemental Financial Disclosure is true, accurate, and complete;

WHEREAS, following its review of these materials, and, in light of the Parties’ good faith discussions and the representations made to it by Residential Home, the Government consents to Residential Home’s request that the Stipulation be amended;

WHEREAS, the Parties submit this Amended Stipulation pursuant to paragraph 21 of the Stipulation, which requires that the Stipulation may not be amended except by written consent of the Parties;

NOW, THEREFORE, upon the Parties' agreement, IT IS HEREBY ORDERED:

TERMS AND CONDITIONS

1. Paragraph 4(f) and 4(g) of the Stipulation are hereby replaced with:

- (f) By January 16, 2020, Residential Home shall provide HUD with a final written implementation report (the "Implementation Report") attesting to and outlining the details of Residential Home's implementation of the recommendations of the Compliance Consultant.
- (g) By March 16, 2020, Residential Home will re-engage the Compliance Consultant to conduct a follow-up comprehensive third-party review of its policies, systems, procedures, and training in order to assess the degree to which Residential Home has successfully completed implementation described in the Implementation Report.

2. Paragraph 6 of the Stipulation is hereby replaced with:

To the extent Residential Home's revenue, as reported in the audited annual financial statement it submits to HUD as required for its participation in the DEL Program, for any given year starting in 2018 exceeds \$38,000,000, Residential Home's installment payment due on August 31st of the following year shall be increased by an amount equal to 15% of its revenue exceeding \$38,000,000. Residential Home shall make these payments pursuant to written instructions to be provided by the United States Attorney's Office for the Southern District of New York. Notwithstanding the foregoing, the increased portion of Residential Home's installment payment obligation for 2018 will be paid in thirteen (13) monthly installments of \$30,000 each, beginning September 30, 2019, through September 30, 2020, with the remaining balance of \$200,053.50 to be paid in full on or before October 31, 2020. Residential Home has made the first three monthly payments due under this adjusted payment schedule.

3. Notwithstanding the revisions to paragraphs 4(f), 4(g), and 6 prescribed in paragraphs 1 and 2 of this Amended Stipulation, nothing in this Amended Stipulation shall be construed to otherwise amend, alter, or replace the Stipulation.

4. The undersigned counsel represent and warrant that they are fully authorized to execute this Amended Stipulation on behalf of the persons and entities indicated below.

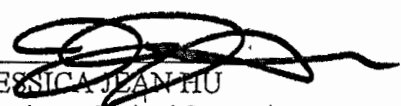
5. This Amended Stipulation may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Amended Stipulation. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Amended Stipulation.

Agreed to by:

THE UNITED STATES OF AMERICA


Dated: New York, New York
December 10, 2019

GEOFFREY S. BERMAN
United States Attorney for the
Southern District of New York


By: 
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Attorney for the United States of America

RESIDENTIAL HOME FUNDING CORP.

Dated: Washington, D.C.
December 10, 2019

By: 
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1601 K Street, NW
Washington, DC 20006
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Attorneys for the Defendant

SO ORDERED:


HON. JED S. RAKOFF
UNITED STATES DISTRICT JUDGE

12-12-19